BANK OF CANADA
BANQUE DU CANADA

Senior Loan Officer Survey

on Business-Lending Practices in Canada

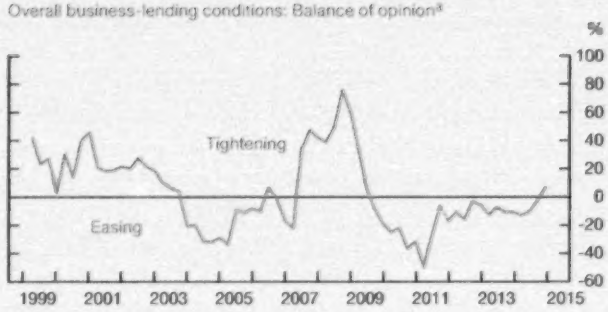
Results of the First-Quarter 2015 Survey | Vol. 8.1 | 6 April 2015

This *Senior Loan Officer Survey* (SLOS) focused on changes to business-lending practices in the first quarter of 2015.

- The survey results indicate that, overall, business-lending conditions were broadly unchanged during the first quarter of 2015, but tightened for the oil and gas sector (**Chart 1**). This follows an easing trend that has been almost uninterrupted since late 2009. Tightening was seen in non-price conditions, while price conditions eased slightly (**Chart 2**).[1,2]
- Price conditions remained unchanged for corporate and commercial borrowers, while small business borrowers experienced an easing. Non-price conditions tightened for corporate and commercial borrowers and were virtually unchanged for small businesses.
- The tightening in lending conditions for both corporate and commercial borrowers was attributed to developments in the oil and gas sector. Lending conditions remained highly accommodative for other sectors.
- Senior loan officers reported no change in access to capital markets for prime and other investment-grade borrowers, but decreased access for non-investment-grade borrowers.
- The balance of opinion suggests an increase in the demand for credit from corporate borrowers and a decrease from commercial borrowers. Demand from small business borrowers was reported as largely unchanged.

Chart 1: Senior loan officers reported that, overall, lending conditions for Canadian non-financial firms were broadly unchanged, but tightened for the oil and gas sector...

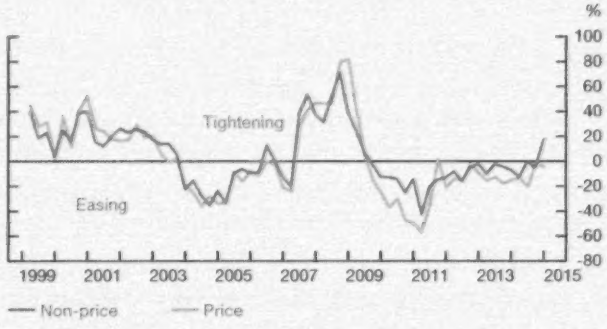
Overall business-lending conditions: Balance of opinion[a]



a. The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions. Thus, a positive balance of opinion implies a net tightening. The chart shows the average of the balances of opinion for the price and non-price dimensions of lending conditions.

Chart 2: ...in terms of non-price conditions

Price and non-price lending conditions: Balance of opinion[a]



a. The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions.

Note: Each series is the simple average of the balances of opinion for the small business, commercial and corporate sectors.

[1] The SLOS defines the pricing of credit as spreads over base rates and/or fees rather than as the level of rates.

[2] Note that the balance of opinion suggests only the direction of the net change in lending conditions; it does not provide information on the magnitude of the change.

The *Senior Loan Officer Survey* collects information on the business-lending practices of major Canadian financial institutions. In particular, the survey gathers the perspectives of respondents on price and non-price terms of business lending and on topical issues of interest to the Bank of Canada. The survey is conducted quarterly, near the end of the quarter for which the results are reported. The first-quarter survey was conducted between 9 and 13 March 2015. Additional information on the survey is available on the Bank of Canada's website. The survey results summarize opinions expressed by the respondents and do not necessarily reflect the views of the Bank of Canada.

ISSN 1918-3968